

INFOSYS TECHNOLOGIES LIMITED

in Rs. crore

Balance Sheet as at	Schedule	September 30, 2007	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	286	286
Reserves and surplus	2	<u>12,577</u>	<u>10,876</u>
		<u>12,863</u>	<u>11,162</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	4,258	3,889
Less: Accumulated depreciation		<u>2,002</u>	<u>1,739</u>
Net book value		<u>2,256</u>	<u>2,150</u>
Add: Capital work-in-progress		<u>1,273</u>	<u>957</u>
		<u>3,529</u>	<u>3,107</u>
INVESTMENTS	4	924	839
DEFERRED TAX ASSETS	5	90	79
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	6	2,419	2,292
Cash and bank balances	7	5,577	5,507
Loans and advances	8	<u>2,413</u>	<u>1,162</u>
		<u>10,409</u>	<u>8,961</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	1,425	1,162
Provisions	10	<u>664</u>	<u>662</u>
NET CURRENT ASSETS		<u>8,320</u>	<u>7,137</u>
		<u><u>12,863</u></u>	<u><u>11,162</u></u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the balance sheet.

As per our report attached

*for BSR & Co.
Chartered Accountants*

Natrajan Ramkrishna
Partner
Membership No. 32815

N. R. Narayana Murthy
*Chairman
and Chief Mentor*

Nandan M. Nilekani
Co-Chairman

S. Gopalakrishnan
*Chief Executive Officer
and Managing Director*

S. D. Shibulal
Chief Operating Officer

Deepak M. Satwalekar
Director

Marti G. Subrahmanyam
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Omkar Goswami
Director

Sridar A. Iyengar
Director

David L. Boyles
Director

Jeffrey S. Lehman
Director

K. Dinesh
Director

T. V. Mohandas Pai
Director

Bangalore
October 11, 2007

Srinath Batni
Director

V. Balakrishnan
Chief Financial Officer

Parvatheesam K.
Company Secretary

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except per share data

Profit and Loss Account for the	Schedule	Quarter ended September 30,		Half-year ended September 30,	
		2007	2006	2007	2006
Income from software services and products		3,862	3,273	7,414	6,140
Software development expenses	11	<u>2,173</u>	<u>1,796</u>	<u>4,285</u>	<u>3,411</u>
GROSS PROFIT		1,689	1,477	3,129	2,729
Selling and marketing expenses	12	198	180	369	348
General and administration expenses	13	<u>249</u>	<u>243</u>	<u>509</u>	<u>453</u>
		447	423	878	801
OPERATING PROFIT BEFORE INTEREST AND DEPRECIATION		1,242	1,054	2,251	1,928
Interest		-	-	-	-
Depreciation		<u>133</u>	<u>110</u>	<u>266</u>	<u>207</u>
OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,109	944	1,985	1,721
Other income, net	14	143	66	398	195
Provision for investments		-	-	-	3
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		1,252	1,010	2,383	1,913
Provision for taxation (refer to note 22.2.12)	15	<u>178</u>	<u>114</u>	<u>281</u>	<u>218</u>
NET PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		1,074	896	2,102	1,695
Income on sale of Investments, net of taxes (refer to note 22.2.21)		-	-	-	6
NET PROFIT AFTER TAX AND EXCEPTIONAL ITEMS		1,074	896	2,102	1,701
Balance Brought Forward		5,872	2,995	4,844	2,195
Less: Residual dividend paid		-	-	-	4
Dividend tax on the above		-	-	-	1
		<u>5,872</u>	<u>2,995</u>	<u>4,844</u>	<u>2,190</u>
AMOUNT AVAILABLE FOR APPROPRIATION		6,946	3,891	6,946	3,891
Dividend					
Interim		343	278	343	278
Final		-	-	-	-
Total dividend		<u>343</u>	<u>278</u>	<u>343</u>	<u>278</u>
Dividend tax		58	39	58	39
Amount transferred to general reserve		-	-	-	-
Balance in profit and loss account		<u>6,545</u>	<u>3,574</u>	<u>6,545</u>	<u>3,574</u>
		<u>6,946</u>	<u>3,891</u>	<u>6,946</u>	<u>3,891</u>
EARNINGS PER SHARE *					
Equity shares of par value Rs. 5/- each					
Before exceptional Items					
Basic		18.81	16.15	36.81	30.61
Diluted		18.74	15.79	36.67	29.90
After exceptional Items					
Basic		18.81	16.15	36.81	30.72
Diluted		18.74	15.79	36.67	30.01
Number of shares used in computing earnings per share					
Basic		57,12,09,862	55,47,72,296	57,12,09,862	55,37,98,511
Diluted		57,32,83,374	56,77,46,039	57,33,12,226	56,69,42,396

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 22

* Refer to note 22.2.20

The schedules referred to above are an integral part of the profit and loss account

As per our report attached

for BSR & Co.

Chartered Accountants

Natrajan Ramkrishna
Partner
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Company Secretary

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore

Cash Flow Statement for the	Schedule	Half-year ended	
		2007	September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax and exceptional items		2,383	1,913
Adjustments to reconcile net profit before tax to cash provided by operating activities			
Depreciation		266	207
Interest and dividend income		(315)	(117)
Profit on sale of liquid mutual funds		-	(6)
Provision for investments		-	3
Effect of exchange differences on translation of foreign currency cash and cash equivalents		23	25
Changes in current assets and liabilities			
Sundry debtors		(127)	(439)
Loans and advances	16	(204)	(211)
Current liabilities and provisions	17	242	198
Income taxes paid	18	(243)	(163)
NET CASH GENERATED BY OPERATING ACTIVITIES		2,025	1,410
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress	19	(688)	(491)
Investment in subsidiaries (refer to note 22.2.16)		(85)	(553)
Investments in securities (refer to note 22.2.16)	20	-	(2,010)
Interest and dividend income		315	117
Cash flow from investing activities before exceptional items		(458)	(2,937)
Proceeds on sale of Long Term Investments (Net of taxes) (refer to note 22.2.21)		-	6
NET CASH USED IN INVESTING ACTIVITIES		(458)	(2,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital on exercise of stock options		-	288
Dividends paid during the period		(371)	(1,065)
Dividend Tax paid during the period		(63)	(150)
NET CASH USED IN FINANCING ACTIVITIES		(434)	(927)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		(23)	(25)
NET DECREASE IN CASH AND CASH EQUIVALENTS		1,110	(2,473)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,650	3,779
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21	6,760	1,306
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	22		

The schedules referred to above are an integral part of the cash flow statement.

As per our report attached

for BSR & Co.
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INFOSYS TECHNOLOGIES LIMITED
in Rs. crore, except as otherwise stated
Schedules to the Balance Sheet as at
September 30,2007
March 31, 2007
1 SHARE CAPITAL

Authorized

Equity shares, Rs. 5/- par value

60,00,00,000 (60,00,00,000) equity shares

300
300

Issued, Subscribed and Paid Up

Equity shares, Rs. 5/- par value*

57,12,09,862 (57,12,09,862) equity shares fully paid up

286
286

[Of the above, 53,53,35,478 (53,53,35,478) equity shares, fully paid up have been issued as bonus shares by capitalization of the General reserve]

286
286

Forfeited shares amounted to Rs. 1,500/- (Rs. 1,500/-)

** For details of options in respect of equity shares, refer to note 22.2.11*
** Also refer to note 22.2.20 for details of basic and diluted shares*
2 RESERVES AND SURPLUS

Capital reserve

6
6

Share premium account - Opening balance

2,768
1,543

Add: Receipts on exercise of employee stock options

-
1,206

Income tax benefit arising from exercise of stock options

-
19
2,768
2,768

General reserve - Opening balance

3,258
3,015

Less: Gratuity transitional liability (refer to note 22.2.22)

-
9

Less: Capitalized on issue of bonus shares

-
138

Add: Transferred from the Profit and Loss Account

-
378

Add: Fair value of employee options issued in exchange of Infosys BPO options (refer to note 22.2.16)

-
12
3,258
3,258

Balance in Profit and Loss Account

6,545
4,844
12,577
10,876

Schedules to the Balance Sheet

3 FIXED ASSETS

	Original cost				Depreciation and amortization				Net book value	
	As at April 1, 2007	Additions during the period	Deductions/ Retirement during the period	As at September 30, 2007	As at April 1, 2007	For the Period	Deductions/ Retirement during the period	As at September 30, 2007	As at September 30, 2007	As at March 31, 2007
Land : free-hold leasehold	76	1	-	77	-	-	-	-	77	76
Buildings*	95	3	-	98	-	-	-	-	98	95
Plant and machinery*	1,471	155	-	1,626	266	52	-	318	1,308	1,205
Computer equipment*	760	75	-	835	414	61	-	475	360	346
Furniture and fixtures*	944	81	3	1,022	714	110	3	821	201	230
Vehicles	541	57	-	598	344	43	-	387	211	197
	2	-	-	2	1	-	-	1	1	1
	3,889	372	3	4,258	1,739	266	3	2,002	2,256	2,150
Previous period	2,837	585	5	3,417	1,275	207	1	1,481	1,936	
Previous year	2,837	1,098	46	3,889	1,275	469	5	1,739	2,150	

Note: Buildings include Rs. 250/- being the value of 5 shares of Rs. 50/- each in Mittal Towers Premises Co-operative Society Limited.

* Includes certain assets provided on operating lease to Infosys BPO , a subsidiary. Please refer to note 22.2.6 for details

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
September 30, 2007
March 31, 2007
4 INVESTMENTS
Trade (unquoted) – at cost
Long- term investments

In subsidiaries

Infosys BPO Ltd**

3,34,61,902 (3,34,61,902) equity shares of Rs. 10/- each, fully paid

637

637

Infosys Technologies (China) Co. Limited

46

46

Infosys Technologies (Australia) Pty Limited

1,01,08,869 (1,01,08,869) equity shares of A\$ 0.11 par value, fully paid

66

66

Infosys Consulting, Inc., USA

4,00,00,000 (2,00,00,000) common stock of US \$1.00 par value, fully paid

171

90

Infosys Technologies, S. De R.L. De C.V., Mexico

4

-

924
839

In other investments*

11

11

Less: Provision for investments

11

11

-
-
Non-trade (unquoted), current investments, at the lower of cost and fair value

Liquid mutual fund units *

-

-

924
839

Aggregate amount of unquoted investments

924

839

* Refer to note 22.2.16 for details of investments

** Investments include 17,37,092 (17,37,092) options in Infosys BPO (refer note 22.2.16)

5 DEFERRED TAX ASSETS

Fixed assets

80

69

Sundry debtors

3

3

Others

7

7

90
79
6 SUNDRY DEBTORS*

Debts outstanding for a period exceeding six months

Unsecured

considered doubtful

37

15

Other debts

Unsecured

considered good**

2,419

2,292

considered doubtful

2

7

2,458
2,314

Less: Provision for doubtful debts

39

22

2,419
2,292

* Includes dues from companies where directors are interested

4

7

** Includes dues from subsidiaries (refer note 22.2.7)

6

2

7 CASH AND BANK BALANCES

Cash on hand

-

-

Balances with scheduled banks in Indian Rupees

In current accounts *

56

302

In deposit accounts

5,111

4,827

Balances with non-scheduled banks in foreign currency **

in deposit accounts

-

-

In current accounts

410

378

5,577
5,507

*Includes balance in unclaimed dividend account (refer note 22.2.24a)

2

2

**Refer to note 22.2.13 for details of balances in non-scheduled banks

INFOSYS TECHNOLOGIES LIMITED
in Rs. crore
Schedules to the Balance Sheet as at
September 30, 2007
March 31, 2007
8 LOANS AND ADVANCES

Unsecured, considered good		
Loans to subsidiary (<i>refer to note 22.2.7</i>)	33	22
Advances		
prepaid expenses	29	28
for supply of goods and rendering of services	4	3
advance to gratuity trust	28	-
others	12	20
	<u>106</u>	<u>73</u>
Unbilled revenues	418	312
Advance income tax	299	352
MAT credit entitlement	32	-
Loans and advances to employees		
housing and other loans	38	42
salary advances	51	63
Electricity and other deposits	23	20
Rental deposits	11	10
Deposits with financial institution and body corporate (<i>refer to note 22.2.14</i>)	1,321	275
Mark to Market on options/ forward contracts	114	15
	<u>2,413</u>	<u>1,162</u>
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	<u>2,414</u>	<u>1,163</u>
Less: Provision for doubtful loans and advances to employees	1	1
	<u><u>2,413</u></u>	<u><u>1,162</u></u>

9 CURRENT LIABILITIES

Sundry creditors		
goods and services *	30	23
accrued salaries and benefits		
salaries	28	28
bonus and incentives	305	208
unavailed leave	133	120
for other liabilities		
provision for expenses	306	281
retention monies	48	23
withholding and other taxes payable	184	172
due to option holders of Infosys BPO	-	2
others	37	4
	<u>1,071</u>	<u>861</u>
Advances received from clients	3	4
Unearned revenue	349	295
Unclaimed dividend	2	2
	<u>1,425</u>	<u>1,162</u>

*Includes dues to subsidiary companies (*refer to note 22.2.7*)

10 PROVISIONS

Proposed dividend	343	371
Provision for		
tax on dividend	58	63
income taxes *	236	207
post-sales client support and warranties	27	21
	<u>664</u>	<u>662</u>

* Refer to note 22.2.12

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore

Schedules to Profit and Loss Account for the	Quarter ended		Half-year ended	
	2007	2006	2007	2006
11 SOFTWARE DEVELOPMENT EXPENSES				
Salaries and bonus including overseas staff expenses	1,676	1,343	3,244	2,543
Overseas group health insurance	25	23	50	40
Contribution to provident and other funds	42	38	83	68
Staff welfare	11	10	20	18
Technical sub-contractors - subsidiaries	193	165	383	287
Technical sub-contractors - others	56	54	119	97
Overseas travel expenses	76	65	146	135
Visa charges and others	13	15	76	64
Software packages				
for own use	47	49	89	83
for service delivery to clients	2	1	14	15
Communication expenses	12	13	25	26
Computer maintenance	5	5	10	10
Consumables	4	7	9	12
Rent	6	4	11	7
Provision for post-sales client support and warranties	5	4	6	6
	<u>2,173</u>	<u>1,796</u>	<u>4,285</u>	<u>3,411</u>
12 SELLING AND MARKETING EXPENSES				
Salaries and bonus including overseas staff expenses	135	111	250	217
Overseas group health insurance	1	1	2	1
Contribution to provident and other funds	1	-	1	1
Staff welfare	-	1	1	1
Overseas travel expenses	20	21	43	45
Visa charges and others	-	1	1	1
Traveling and conveyance	-	1	1	2
Commission and earnout charges	6	11	7	19
Brand building	16	15	27	27
Professional charges	7	6	12	11
Rent	3	4	6	8
Marketing expenses	4	5	9	8
Telephone charges	2	1	4	2
Communication expenses	-	-	-	-
Printing and stationery	1	-	1	1
Advertisements	1	1	3	2
Office maintenance	-	-	-	-
Sales promotion expenses	1	1	1	1
Consumables	-	-	-	-
Software packages				
for own use	-	-	-	1
Computer maintenance	-	-	-	-
Power and fuel	-	-	-	-
Insurance charges	-	-	-	-
Rates and taxes	-	-	-	-
Bank charges and commission	-	-	-	-
Miscellaneous expenses	-	-	-	-
	<u>198</u>	<u>180</u>	<u>369</u>	<u>348</u>

INFOSYS TECHNOLOGIES LIMITED
in Rs. Crore

Schedules to Profit and Loss Account for the	Quarter ended		Half-year ended	
	2007	2006	2007	2006
13 GENERAL AND ADMINISTRATION EXPENSES				
Salaries and bonus including overseas staff expenses	52	44	105	82
Overseas group health insurance	-	-	-	-
Contribution to provident and other funds	3	3	6	6
Professional charges	35	38	73	66
Telephone charges	30	28	56	53
Power and fuel	27	23	53	44
Traveling and conveyance	22	21	42	40
Overseas travel expenses	4	6	7	9
Visa charges and others	-	-	-	1
Office maintenance	26	25	54	46
Guest house maintenance*	-	-	1	1
Insurance charges	6	7	12	12
Printing and stationery	3	3	7	6
Donations	5	5	10	9
Rent	4	4	8	8
Advertisements	1	3	4	3
Repairs to building	4	7	8	10
Repairs to plant and machinery	4	3	9	6
Rates and taxes	7	3	12	12
Professional membership and seminar participation fees	2	3	5	4
Postage and courier	2	2	5	5
Books and periodicals	1	1	2	2
Provision for bad and doubtful debts	7	8	21	19
Provision for doubtful loans and advances	-	-	-	-
Commission to non-whole time directors	1	1	2	1
Freight charges	-	-	-	-
Bank charges and commission	1	1	1	1
Research grants	1	3	4	5
Auditor's remuneration				
statutory audit fees	-	-	-	-
certification charges	-	-	-	-
others	-	-	-	-
out-of-pocket expenses	-	-	-	-
Miscellaneous expenses	1	1	2	2
	<u>249</u>	<u>243</u>	<u>509</u>	<u>453</u>
<i>*For non training purposes</i>				
14 OTHER INCOME, NET				
Interest received on deposits with banks and others*	136	21	311	70
Dividend received on investment in liquid mutual funds (non-trade unquoted)	4	30	4	47
Profit on sale of liquid mutual funds	-	-	-	-
Miscellaneous income (refer to note 22.2.15)	6	4	12	14
Exchange (losses) / gains	(3)	11	71	64
	<u>143</u>	<u>66</u>	<u>398</u>	<u>195</u>
<i>*includes tax deducted at source</i>	10	5	38	18
15 PROVISION FOR TAXATION				
Income taxes*	175	119	325	230
MAT credit entitlement	9	-	(32)	-
Deferred taxes	(6)	(5)	(12)	(12)
	<u>178</u>	<u>114</u>	<u>281</u>	<u>218</u>
<i>*Refer to note 22.2.12</i>				

Schedules to Cash Flow Statements for the

Half-year ended
September 30,

2007 2006

16 CHANGE IN LOANS AND ADVANCES

As per the Balance Sheet*	2,422	1,478
Add: Gratuity negative plan amendment liability (refer to Note 22.2.22)	(28)	13
Less: Deposits with financial institutions and body corporates included in cash and cash equivalents	(1,183)	(502)
MAT credit entitlement	(32)	-
Advance income taxes separately considered	(299)	(293)
	880	696
Less: Opening balance considered	(676)	(485)
	<u>204</u>	<u>211</u>

* includes loans to subsidiary and net of gratuity transitional liability

17 CHANGE IN CURRENT LIABILITIES AND PROVISIONS

As per the Balance Sheet	2,089	1,615
Add/ (Less): unclaimed dividend	(2)	-
Due to option holders of Infosys BPO	(2)	-
Gratuity negative plan amendment liability	(28)	-
Provisions separately considered in the cash flow statement		
Income taxes	(236)	(280)
Dividends	(343)	(278)
Dividend Taxes	(58)	(39)
	1,420	1,018
Less: Opening balance considered	(1,178)	(820)
	<u>242</u>	<u>198</u>

18 INCOME TAXES PAID

Charge as per the Profit and Loss Account	281	218
Add: Increase/(Decrease) in advance income taxes	(53)	26
Increase/(Decrease) in deferred taxes	12	12
Increase/(Decrease) in MAT entitlement credit	32	-
Less : (Increase)/Decrease in income tax provision	(29)	(93)
	<u>243</u>	<u>163</u>

19 PURCHASE OF FIXED ASSETS AND CHANGE IN CAPITAL WORK-IN-PROGRESS

As per the Balance Sheet*	372	581
Less: Opening Capital work-in-progress	(957)	(571)
Add: Closing Capital work-in-progress	1,273	481
	<u>688</u>	<u>491</u>

* Excludes Rs. nil (Rs 4 crore) towards movement of land from Leasehold to Freehold

20 INVESTMENTS IN SECURITIES *

As per the Balance Sheet	924	3,442
Add: Provisions on investments	-	3
	924	3,445
Less: Investment in subsidiaries	(85)	(553)
Profit on sale of liquid mutual funds	-	(6)
Opening balance considered	(839)	(876)
	<u>-</u>	<u>2,010</u>

* Refer to note 22.2.16 for investment and redemptions

21 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

As per the Balance Sheet	5,577	804
Add: Deposits with financial institutions, included herein	1,183	502
	<u>6,760</u>	<u>1,306</u>